GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Labour Factories Boilers & Insurance Medical Services Department – The Factories Act 1948 (Act No. 63 of 1948) read with Factories (Andhra Pradesh Amendment) Act 2015 (Act No. 13 of 2015)-Compounding of offences under the Factories Act 1948 and the Andhra Pradesh Factories Rules 1950 - Notification for Implementation – Orders - Issued.
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LABOUR FACTORIES BOILERS & INSURANCE MEDICAL SERVICES (Labour.II) DEPARTMENT

G.O.Ms.No.15 Dated 26.06.2025

Read the following:

1. The Andhra Pradesh Factories Rules, 1950.
2. Minutes of the meeting of "An interactive session with all stakeholders in Tirupati District on 30-05-2024.
3. From the Director of Factories, Andhra Pradesh, Vijayawada, Lr.No.LAE05- 12021(40)/101/2024-B SEC -DOF, Dt: 9.10.2024 & Letter even NO.Dt.28.5.2025.

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ORDER:

The Director of Factories in the letters read above has stated that the Government of India, besides encouraging the reduction of compliance burden, is also promoting the decriminalization for the violations under the Factories Act & Rules made there under in line with this initiative, the Government of Andhra Pradesh has undertaken an amendment in the Factories Act in the year 2015 and introduced a provision under the Factories (Andhra Pradesh Amendment) Act, 2015(Act No.13 of 2015) for compounding the offences committed for the first time under the Factories Act, 1948 and the Andhra Pradesh Factories Rules, 1950 as amended from time to time.

2. Therefore, in exercise of the powers conferred by Section 106 B of the Factories Act 1948(Act No.63 of 1948) read with the Factories (Andhra Pradesh Amendment) Act, 2015 (Act No. 13 of 2015), in its application to the State of Andhra Pradesh, prescribes the offences which can be compounded subject to having been committed for the first time only by an occupier or Manager of a Factory.

3. Accordingly, the following notification shall be published in an extra-ordinary issue of Andhra Pradesh Gazette.

NOTIFICATION

In exercise of the powers conferred by section 106 B of the Factories Act, 1948 (Act No. 63 of 1948) read with the Factories (Andhra Pradesh Amendment) Act, 2015 (Act No. 13 of 2015), in its application to the State of Andhra Pradesh, hereby prescribes the offences committed for the first time only by occupier or Manager of a Factory, other than the factories carrying on the 'Industry Activity' as defined under Rule 61(SB)D2(b) of AP Factories Rules, 1950 and Rule 2(h)(i) of Manufacture, Storage, Import of Hazardous Chemicals Rules, 1989, which shall be compounded with penalty only, the Compounding authorities, the compounding fines and the process of implementation for the purposes of the said Act.

The compounding of offences as notified in this order is applicable only for the offences noticed by the inspecting authorities in the inspections of the factories carried on after the date of this order.

2. Definitions in this order, unless the context otherwise requires,-

a. "Act" means the Factories Act, 1948;

b. "Appendix" means an appendix appended to this notification

c. "Applicant" means Occupier, Manager of a Factory, but shall not include officers of Factories Department

d. "Compounding authority" means the officer or authority, who has been appointed under Factories Act and working in the cadre not below the rank of Deputy Chief Inspector of Factories and as stated in Table-2 appended to this order.

e. "Reporting authority" means the officer having jurisdiction over the place where the offence under the Act & A.P. Factories Rules has been or alleged to have been committed or any other officer as may be authorized in this regard by the Director of Factories and having the knowledge of the alleged commission of offence to be compounded under Factories Act & AP Factories Rules by the applicant.

f. "Rules" means AP Factories Rules, 1950

g. "Section" means a section of the Factories Act; and

h. Words and expressions used in this order and not defined but defined in the Factories Act or Rules prescribed here under shall have the respective meanings assigned to them in the Act or Rules.

3 .Form and manner of application:

A. The compounding of notified offences is applicable for the offences committed by Occupier or Manager for the first time only. Further, the applicant cannot claim, as of right, that his offence shall be compounded.

B. An applicant may, either before or after institution of prosecution, make an application under section 106B in the form appended to this order, to the notified compounding authority for compounding of the offences under Factories Act 1948 & the AP Factories Rules 1950 which are listed in Table– 1 appended to this order.

Provided that:-

i. Application made before institution of prosecution shall be directly allowed by the compounding authority subject to the merits of the application.

ii. Application made after institution of the prosecution in the court shall be allowed by the compounding authority only after the prior permission of the respective court in which the prosecution has been instituted. In case of refusal of grant of permission by the court for compounding an offence, it shall render the compounding authority responsible for rejection of the application within seven (7) working days from the date on which the orders passed by the court are received.

Provided further that:

i. No application shall be allowed unless the fee and the interest if any towards the factory license, is fully paid as on the date of application and the proof of such payment is already submitted to the concern licensing authority.

ii. No application for compounding the offence which has resulted into fatal accident or serious accident or dangerous occurrence or occupational Disease as prescribed under the Factories Act & Rules made there under, shall be allowed by the compounding authority.

iii. No application for compounding the offence committed in factories carrying an industrial activity as defined under Rule 61 (SB)D2(b) of AP Factories Rules, 1950 and Rule 2 (h)(i) of Manufacture, Storage, Import of Hazardous Chemicals Rules, 1989, shall be allowed by the compounding authority.

4. The authority empowered for conducting inspection of factories under Factories Act shall, after having served a Show Cause Notice to an Occupier or Manager based on an inspection of a factory carried on for the purposes of the said Act, have to satisfy himself, among the violations noticed in the said inspection, regarding the applicability of compounding of offences as notified in this order and communicate the same in writing within fifteen (15) days from the date of inspection to the Occupier or Manager, as the case may be, the details of the offences which shall be compounded by the notified authority as well as the procedure for application to the compounding authority duly indicating the timelines which shall not be more than thirty (30) days from the date of said inspection of the factory by the empowered authority.

4- A: Procedure on receipt of application under Para 3(B)(i):

i. Within three (3) working days after the date of receipt of an application under para 3B (i) above of this order, the compounding authority shall call for a report from the respective Reporting authority with reference to the particulars furnished in the application, or any other information, which may be considered relevant for examination of such application.

ii. Such report shall be furnished by the reporting authority within a period of seven (7) working days or within such extended period as may be allowed by the compounding authority subject to a maximum of not more than 7 working days, from the date of receipt of communication from the compounding authority.

iii. The compounding authority, within seven (7) working days after the date of receipt of report from the respective reporting authority and duly taking into account the contents of the said application as well as the status of compliance with respect to offences pleaded for compounding, by order, either allow the application indicating the compounding amount in terms of para:5 of this order or reject such application, provided that application shall not be rejected unless an

opportunity of being heard has been given to the applicant and the grounds of such rejection are mentioned in such order.

iv. The applicant shall, within a period of seven (7) working days from the date of receipt of order under sub-para (iii) of this para 4-A duly allowing the compounding of offences, pay the compounding amount, as ordered to be paid by the compounding authority and shall furnish the proof of such payment to the compounding authority.

v. Upon receipt of the proof of the payment of compounded amount from the applicant, the compounding authority shall grant him immunity from prosecution in respect of such offences reported upon and covered under the table – 1 appended to this order.

vi. The compounding amount once paid shall not be refunded.

4-B: Procedure on receipt of application under Para 3B (ii):

i. Within three (3) working days after the date of receipt of an application under para 3B(ii), the compounding authority shall call for a report from the respective reporting authority with reference to the particulars furnished in the application, or any other information, which may be considered relevant for examination of such application.

ii. Such report shall be furnished by the reporting authority within a period of seven (7) working days or within such extended period as may be allowed by the compounding authority subject to a maximum of not more than seven (7) working days, from the date of receipt of communication from the compounding authority.

iii. Based on the merits of the application, the compounding authority shall, within seven (7) working days after the date of receipt of report from the reporting authority, either submit the relevant information in full including the status of compliance with respect to offences led for compounding, to the concerned court and seek permission for allowing the said application for compounding as prescribed in this order or reject such application by an order in writing, provided that, the application shall not be rejected, except in case of a refusal of permission by the court for compounding the offence, unless an opportunity of being heard has been given to the applicant and the grounds of such rejection are mentioned in such order.

iv. On receipt of permission granted by the court, the compounding authority shall, within seven (7) working days after the date of receipt of said permission from the court and duly taking into account the contents of the said application, by order, allow the application indicating the compounding amount in terms of para: 5 of this order.

v. The applicant shall, within a period of seven (7) working days from the date of receipt of order under sub-para (iv) above duly allowing the compounding of offences, pay the compounding amount, as ordered to be paid by the compounding authority and shall furnish the proof of such payment to the compounding authority.

vi. Upon receipt of the proof of the payment of compounded amount, the compounding authority shall bring the same to the notice of the concerned court in which prosecution had been instituted and there after the court shall acquit the applicant.

vii. The compounding amount once paid shall not be refunded.

5. Fixation of the compounding amount: For the purpose of compounding of offences under the various provisions of the Factories Act & Rules made there under, the compounding amount shall be as provided in the table - 3 appended to this order.

6. An immunity granted to a person under sub para (v) of para 4 – A of this order may, at any time, be withdrawn by the Director of Factories either Suo motu or on a report from the compounding authority, if he is satisfied that such person had, in the course of the compounding proceedings, concealed any particulars, material or had given false evidence, and there upon such person may be tried for the offence with respect to which immunity was granted or for any other offence that appears to have been committed by him in connection with the compounding proceedings and there upon the provisions of the Factories Act, 1948 shall apply as if no such immunity had been granted.

7. Appeals: Subject to the provisions under Section 107 of the Act, the applicant who has been served by an order by compounding authority under para 4- A of this order, can prefer an appeal before the appellate authority as specified in Table-2 appended to this order, if he has a reason to believe that he has been aggrieved by such an order, with in 30 day from the date of receipt of the said order and the order of appellate authority shall be final. Further, no appeal shall lie on the compounded amount the applicant has been ordered to pay by the compounding authority.

Application Form for Compounding of offences

1. Full Name and address of the applicant:
2. Name & Address of the Factory:
3. Address for communication:
4. Status of Applicant (Occupier/Manager/Owner):
5. Date of Inspection of the factory:
6. Details of Show Cause Notice served (Enclose copy):
7. Reply to Show cause notice submitted? (Enclose copy):
8. Violations pleaded for compounding:
9. Status of compliance with regard to offences pleaded for compounding:
10. Whether Prosecution had already been instituted? If so, Brief facts of the case and particulars of the offence(s) charged:
11. Compounding Authority having jurisdiction over the applicant:
12. Have the offences cited above been ever compounded earlier? If so, furnish details:
13. Was there a prosecution instituted anytime for the offences cited above? If so, furnish the details including the particulars of the then offender:

Name and Signature of the applicant.

DECLARATION

1. I shall pay the compounding amount as may be fixed by the compounding authority.
2. I understand that I cannot claim, as of right that the offence committed by me under the Act shall be compounded.

Name and Signature of the applicant.

VERIFICATION

I, ----------the son/daughter/wife of----------residing at ------do solemnly declare that I am making this application in my capacity as ------ and I am competent to verify it. That the contents of this application are true to the best of my knowledge and belief and no information relevant to the facts of the case has been suppressed. The documents accompanying the application are true copies of the originals and are duly attested by me.

Verified today the ------ day of ------ (month), ------ (year) at --.

Name and Signature of the applicant.

Place
Date:

Table - 1		
List of Compoundable Offences		
Sl.NO	***Section & Rules***	***Nature of Offence***
1	Section 6 & Rule 3	Construction of factory and /or Installation of machinery/equipment without approval of plans
2	Section 6 & Rule 3	Extension of factory and /or Installation of additional machinery/ equipment without approval of plans
3	Section 6 & Rule 3-A (6)	Factory not in accordance with the approved plans
4	Section 6 & Rule 4	Running the factory without holding a valid license
5	Section 6 &Rule 6	Running the factory without payment of annual license fee
6	Section 21	Non-provision of machine guarding to the dangerous parts in motion.
7	Section 36	Noncompliance of precautions in confined space
8	Section 38 & Rule 61	Noncompliance of Fire Prevention and control measures as per the provisions
9	Section 40-B& Rule 61A	Failure to appoint Safety officer as per the provisions
10	Section 41G & Rule 61 SG (A)	Not constituting safety committee as per the provisions
11	Section 41 & Rule 61-B	Noncompliance of electrical safety measures as per the provisions
12	Section 41 & Rule 61C	Non provision of Safety belts for height work
13	Section 41 & Rule 61D	Non provision of Roof ladders/crawling boards while working on fragile roof

14	Section 45(4) & Rule 64	Non-Provision of Ambulance room
15	Section 46 &Rule 65 to 71	Non-provision of canteen as per the provisions
16	Section 47 & Rule 72	Non-provision of Rest rooms and Lunch rooms as per the provisions
17	Section 48 & Rule 73 to 76	Non-provision of Creche as per provisions
18	Section 49 & Rule 76 B	Not appointing welfare officer as per provisions
19	Section 59 & Rule 78C	Non-compliance in engaging workers on overtime as per the provisions
20	Section 79, Section 83 & Rule 87	Non-compliance in extending Leave with wages and maintaining the record as per provisions

TABLE-2

COMPOUNDING AND APPELLATE AUTHORITIES

Inspection Authority	**Compounding Authority**	**Appellate Authority**
For offences noticed in the inspection by Inspector of Factories.	Deputy Chief Inspector of Factories.	Joint Chief Inspector of Factories.
For offences noticed in the Inspection by Deputy Chief Inspector of Factories	Joint Chief Inspector of Factories	Director of Factories
For offences noticed by the Joint Chief Inspector of Factories.	Director of Factories	Secretary to Government, Labour, Factories, Boilers & Insurance Medical Services Department.
Note: In case of Joint Inspections by Inspection Authorities, the inspection shall be considered as performed by higher cadre authority among the Inspection team for this purpose.		

TABLE-3	
COMPOUNDING PENALITIES	
Offences	Compounding Penalty In Rs
Offences in Serial numbers 2,3,5,19, and 20 in the Table-1 above	5,000
Offences in Serial numbers 1,4,9,10,14,15,16,17,and 18 in the Table-1 above	10,000
Offences in Serial numbers 6,7,8,11,12,13, in the Table-1 above	15,000

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

M.V. SESHAGIRI BABU
SECRETARY TO GOVERNMENT (FAC)

To
The Commissioner of Printing and Stationary, Vijayawada for publication in the Andhra Pradesh Gazette.
The Director of Factories, Andhra Pradesh, Vijayawada.
Copy to:
The P.S. to Hon'ble Minister (LFB&IMS).
The P.S. to Prl.Secy. to C.M., CMO's Office.
The P.S. to Secretary to Government, LFB & IMS Department.
The Law (B) Department.
SF/SC.

//FORWARDED::BY ORDER//

SECTION OFFICER